



# State of South Carolina

## Office of the Governor

MARK SANFORD  
GOVERNOR

POST OFFICE BOX 12267  
COLUMBIA 29211

June 6, 2006

The Honorable Robert Harrell, Jr.  
Speaker of the House of Representatives  
Post Office Box 11867  
Columbia, South Carolina 29211

Dear Mr. Speaker and Members of the House:

I am hereby vetoing and returning without my approval H. 4622, R-377.

I believe this bill will do three things: increase automobile insurance rates, adversely affect low-income drivers, and reverse the recent trend in the decline of uninsured motorists.

Specifically, this legislation mandates that the driver's minimum coverage increase from \$15,000 to \$25,000 for an individual crash, \$30,000 to \$50,000 for multiple individuals, and \$10,000 to \$25,000 for property damage. The net effect of these increases would be to raise automobile insurance premiums for some, typically low-income drivers, by an estimated 7 percent to 18 percent. To the average driver that could mean roughly \$100 more a year in premium prices.

We should be careful about increasing these types of mandates which have a tendency of crowding consumers out of the marketplace, which means more uninsured – and, consequently, more costs to be absorbed by remaining drivers. It should be the choice of the consumer to seek higher protection and reduce their own personal liability in the event of an accident and not as a result of government fiat.

The amendment could also prove to be a rewards system for trial lawyers. Increased coverage means increased opportunity and, ultimately, increased awards. This particular provision was an amendment offered on the Senate floor by the President of the South Carolina Trial Lawyers Association – whose membership would stand to benefit from the increased limits on accidental coverage. In Mississippi, when a similar increase was enacted, the rate of attorney involvement in claims increased from five percent of claims to nine percent. I find it particularly troubling that a Senator who, in another capacity, represents one of the beneficiary groups of this rate-increasing mandate would actually be the leader in setting this policy.

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Policymakers have wrestled with ensuring that the automobile marketplace is competitive and that we effectively reduce the number of uninsured motorists on the road. Just a few years ago, it was estimated that one in every four drivers in South Carolina had no insurance. Previous legislation enacted by the General Assembly to create a more competitive market and stronger enforcement of insurance laws in the State has helped reduce the rising cost of insurance premiums and the number of uninsured drivers in the past year. The increased mandates in this bill would, we believe, reverse all of those things.

I urge you to join me in rejecting what we believe to be the ultimate effects of the bill – increased automobile premiums, more uninsured drivers, and increased cash awards for attorneys to collect higher fees.

Sincerely,

A handwritten signature in blue ink, appearing to be 'MS', is written above the name Mark Sanford.

Mark Sanford